

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Michael L. Torr is a member of the governing board (the “Board”) of the Sweetwater Springs Water District (the “District”) of Sonoma County. As a member of the Board, Respondent is a designated employee of the District, as defined in Section 82019, subdivision (c) of the Political Reform Act (the “Act”)<sup>1</sup> and in the District’s conflict of interest code.

As required by the District’s conflict of interest code, each member of the Board is required to file an annual statement of economic interests by April 1<sup>st</sup> of each year that the member remains in office. On the statement of economic interests, the designated employee must disclose reportable economic interests that he or she held during the preceding calendar year.

In this matter, Respondent failed to timely file a 2001 annual statement of economic interests by the April 1, 2002, due date. Due to Respondent’s filing history, it was not appropriate to handle this case under the SEI Expedited Procedures adopted by the Commission in July 1999.

For the purposes of this Stipulation, Respondent’s violation of the Act is stated as follows:

As a designated employee of the Sweetwater Springs Water District, Respondent Michael L. Torr failed to timely file a 2001 annual statement of economic interests by April 1, 2002, in violation of Section 87300 of the Government Code.

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in Section 81002, subdivision (c), is to ensure that the assets and income of public officials that may be materially affected by their official actions be disclosed, so that conflicts of interest may be avoided.

In furtherance of this purpose, Section 87300 requires every agency to adopt and promulgate a conflict of interest code. The agency’s conflict of interest code must specifically designate the employees of the agency who are required to file statements of economic interests disclosing their reportable investments, business positions, interests in real property, and sources of income. Under Section 82019, subdivision (c), and Section 87302, subdivision (a), the persons who are to be

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<sup>1</sup>The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission appear at 2 California Code of Regulations section 18109, et seq. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

designated in an agency's conflict of interest code are the officers, employees, members, and consultants of the agency, whose position with the agency entails making, or participating in making, governmental decisions that may have a reasonably foreseeable material effect on one or more of the individual's economic interests.

Under Section 87302, subdivision (b), an agency's conflict of interest code must require every designated employee of the agency to file an annual statement of economic interests for each year that the employee remains in office, at a time specified in the agency's conflict of interest code. On the annual statement of economic interests, a designated employee must disclose his or her reportable economic interests held during the preceding calendar year.

Under Section 87300, the requirements of an agency's conflict of interest code have the force of law, and any violation of those requirements is deemed a violation of the Act.

### **SUMMARY OF THE FACTS**

Respondent Michael L. Torr has been a member of the governing board of the Sweetwater Springs Water District since assuming office on January 12, 1993. Under the provisions of the District's conflict of interest code, Respondent was required to file a 2001 annual statement of economic interests ("SEI") by April 1, 2002, disclosing his reportable economic interests held during the preceding year. Respondent failed to file an annual SEI by the due date, in violation of Section 87300.

On July 29, 2002, the filing officer for the District, the Sonoma County Clerk, sent a letter to Respondent notifying him that the county clerk's office had not received his 2001 annual SEI. The letter further notified Respondent that he was required to file the overdue annual SEI immediately. Despite this letter, Respondent failed to file his annual SEI, and he provided no explanation for not filing the SEI.

After receiving no response to the July 29, 2002 letter, on November 22, 2002, the county clerk's office sent a second letter to Respondent, advising him that he had still not filed his 2001 annual SEI. The letter further informed Respondent that, unless he replied within 10 days, the matter would be referred to the Fair Political Practices Commission (the "Commission") for enforcement.

When Respondent did not respond to the second letter, on January 29, 2003, the matter was referred to the Commission for enforcement. On March 24, 2003, Commission Investigator Dan Schek telephoned Respondent at his place of business and left a message that Respondent needed to file his 2001 annual SEI immediately. On March 25, 2003, Investigator Schek received a telephone call from the Sonoma County Clerk's office informing him that, on the previous day, Respondent had filed his 2001 annual SEI, as well as his 2002 annual SEI, which was due on April 1, 2003.

Respondent included a letter with his March 24, 2003 filings, dated August 21, 2002, stating that he was late in submitting his 2001 annual SEI because he mistakenly believed that the 2001 annual SEI had already been filed when, in fact, it was his late filing for the previous year (2000) that he had filed. On the letter, in a handwritten note dated March 21, 2003, Respondent stated that in preparing his 2002

annual SEI, he discovered that he had neglected to mail the August 21, 2002 letter and the 2001 annual SEI in August 2002.

During the time he has served as a member of the Board, Respondent has been required to file ten annual SEIs, including the most recent 2002 filing. Respondent was late in filing his SEIs for four consecutive years, including his 2000 annual SEI, which was filed over seven months after the due date, and his 2001 annual SEI, which was filed almost one year late. Respondent's 2000 annual SEI filing was referred to the Commission for enforcement, and he did not file this SEI until after enforcement staff contacted him. This matter represents the second time in the last two years that Respondent has been referred to the Commission for a late annual SEI filing.

### **CONCLUSION**

This matter consists of one count of violating Section 87300, which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000). Due to Respondent's filing history, it was not appropriate to handle this case under the SEI Expedited Procedures adopted by the Commission in July 1999.

As noted above, Respondent has established a four-year history of failing to file statements of economic interests in a timely manner, and he has previously been contacted by the Enforcement Division for failing to timely comply with his filing requirements. Respondent filed his 2001 annual statement almost a year late. These factors would be sufficiently compelling to warrant imposition of a higher level penalty. However, the fact that Respondent demonstrated a willingness to cooperate with his future filing requirements by filing his 2002 annual statement of economic interests early, and was cooperative with reaching an early resolution of this matter, justifies a settlement that imposes less than a maximum penalty. Therefore, imposition of the agreed upon penalty of One Thousand Dollars (\$1,000) is appropriate.